

State of Arizona
Senate
Fifty-third Legislature
First Regular Session
2017

Senate Engrossed
FILED
MICHELE REAGAN
SECRETARY OF STATE

CHAPTER 244
SENATE BILL 1040

AN ACT

AMENDING SECTIONS 15-1781, 15-1782, 15-1783, 15-1784, 15-1785 AND 15-1851,
ARIZONA REVISED STATUTES; RELATING TO STUDENT LOANS.

(TEXT OF BILL BEGINS ON NEXT PAGE)



Be it enacted by the Legislature of the State of Arizona:

Section 1. Heading change

The article heading of title 15, chapter 13, article 11, Arizona Revised Statutes, is changed from "MATHEMATICS, SCIENCE AND SPECIAL EDUCATION TEACHER STUDENT LOAN PROGRAM" to "ARIZONA TEACHER STUDENT LOAN PROGRAM".

Sec. 2. Section 15-1781, Arizona Revised Statutes, is amended to read:

15-1781. Definitions

In this article, unless the context otherwise requires:

1. "Commission" means the commission for postsecondary education.

2. "LOW-INCOME SCHOOL" MEANS A PUBLIC SCHOOL IN THIS STATE AT WHICH SIXTY PERCENT OR MORE OF THE STUDENTS ARE ELIGIBLE FOR FREE OR REDUCED PRICE LUNCHES UNDER THE NATIONAL SCHOOL LUNCH AND CHILD NUTRITION ACTS (42 UNITED STATES CODE SECTIONS 1751 THROUGH 1785).

3. "Qualified applicant" or "qualified student" means an Arizona resident who is a citizen or legal resident of the United States or who is otherwise lawfully present in the United States, who attends a qualifying postsecondary institution and, if attending a university under the jurisdiction of the Arizona board of regents, who qualifies for in-state tuition pursuant to section 15-1802.

4. "Qualifying postsecondary institution" means a regionally or nationally accredited public or private postsecondary educational institution in this state.

5. "RURAL SCHOOL" MEANS A PUBLIC SCHOOL IN THIS STATE THAT IS LOCATED IN A COUNTY WITH A POPULATION OF LESS THAN THREE HUNDRED THOUSAND PERSONS.

Sec. 3. Section 15-1782, Arizona Revised Statutes, is amended to read:

15-1782. Arizona teacher student loan program; requirements; report

A. THE ARIZONA TEACHER STUDENT LOAN PROGRAM IS ESTABLISHED WITHIN THE COMMISSION FOR POSTSECONDARY EDUCATION TO SUPPORT THE RECRUITMENT OF TEACHERS IN PUBLIC SCHOOLS IN THIS STATE. The commission may grant loans from the ~~mathematics, science and special education~~ ARIZONA teacher student loan fund established by section 15-1784 to defray THE COSTS OF tuition, instructional materials and mandatory fees of the education of students who are pursuing EITHER a teaching degree OR A TEACHING CERTIFICATE THROUGH AN ALTERNATIVE TEACHER CERTIFICATION PROGRAM at a qualifying postsecondary institution and who are deemed qualified by the commission to receive these loans. A STUDENT WHO IS IN AN ALTERNATIVE TEACHER CERTIFICATION PROGRAM AFTER OBTAINING A BACHELOR'S DEGREE IS NOT DISQUALIFIED FROM ELIGIBILITY FOR A LOAN ISSUED PURSUANT TO THIS ARTICLE. Loans shall be granted on such terms and conditions as may be imposed by

1 the commission and shall be distributed on a ~~first come, first served~~
2 FIRST-COME, FIRST-SERVED basis.

3 B. The commission shall grant loans to qualified applicants who
4 agree to provide instruction in the area of mathematics, science or
5 special education in a public school in this state or ~~in elementary~~
6 ~~education in a public school that is located in a geographic area in this~~
7 ~~state that is experiencing a shortage of teachers, as determined by the~~
8 ~~state board of education. The board shall allocate no more than~~
9 ~~twenty-five per cent of the annual amount appropriated for loans to~~
10 ~~applicants who agree to provide instruction in elementary education TO~~
11 PROVIDE INSTRUCTION IN A PUBLIC SCHOOL IN THIS STATE THAT IS A LOW-INCOME
12 SCHOOL, A RURAL SCHOOL OR A SCHOOL THAT IS LOCATED ON AN INDIAN
13 RESERVATION. THE COMMISSION SHALL ALLOCATE AT LEAST FORTY PERCENT OF THE
14 ANNUAL AMOUNT APPROPRIATED FOR LOANS ISSUED PURSUANT TO THIS ARTICLE TO
15 APPLICANTS WHO AGREE TO PROVIDE INSTRUCTION IN A PUBLIC SCHOOL THAT IS A
16 LOW-INCOME SCHOOL, A RURAL SCHOOL OR A SCHOOL THAT IS LOCATED ON AN INDIAN
17 RESERVATION.

18 C. The loans granted by the commission shall be used to cover the
19 costs of tuition and mandatory fees for each loan recipient and may also
20 defray the cost of instructional materials, but shall not exceed seven
21 thousand dollars each year, excluding all grants, scholarships and tuition
22 benefits such as military, tribal and employee grants, scholarships and
23 benefits.

24 D. The commission shall adopt policies for screening qualified
25 applicants based on ability and financial need, including requiring all
26 applicants to complete a free application for FEDERAL student ~~federal~~ aid.

27 E. The commission shall grant loans on the terms and conditions the
28 commission imposes. The commission shall establish procedures for the
29 timely repayment of loans plus interest at a rate determined by the
30 commission. The commission is responsible for the collection of loan
31 repayments.

32 F. The commission may partner with qualifying postsecondary
33 institutions to administer these loans. The commission shall provide
34 initial public notice of the availability of the loans and collect the
35 application forms directly from each qualified applicant. The commission
36 shall forward a request for verification of attendance, satisfactory
37 academic progress, financial need and enrollment in a qualified program to
38 the institution.

39 G. On or before December 1 of each year, the commission shall
40 submit an approved report to the governor, the speaker of the house of
41 representatives, the president of the senate and the joint legislative
42 budget committee. The commission shall provide a copy of this report to
43 the secretary of state. The report shall include the number of
44 applicants, the number of loan recipients, the qualifying postsecondary
45 institution each loan recipient attends, the name of the school at which

1 each loan recipient is employed, the number of good cause repayment
2 exceptions granted by the commission, the reason for each good cause
3 exception granted and teacher retention data. The commission shall
4 collect and maintain data on the retention of ~~mathematics, science and~~
5 ~~special education~~ teachers who received loans pursuant to this article.
6 The commission shall collect this data for at least five years after each
7 loan recipient completes the recipient's service commitment.

8 Sec. 4. Section 15-1783, Arizona Revised Statutes, is amended to
9 read:

10 15-1783. Arizona teacher student loans; interest;
11 obligations; repayment; authority of attorney
12 general

13 A. Each applicant who is approved for a loan by the commission may
14 be granted a loan for a period of up to five years.

15 B. The commission, on behalf of this state, shall enter into a
16 written contract with the qualified student. The contract shall set forth
17 the methods and terms of repayment by the loan recipient to this state and
18 shall be on terms and conditions and in a form provided by the commission.
19 The contract shall provide for the following:

20 1. The loan recipient shall begin the service commitment providing
21 instruction in the area of mathematics, science or special education in a
22 public school in this state or ~~INSTRUCTION in elementary education in a~~
23 ~~public school that is located in a geographic area in this state that is~~
24 ~~experiencing a shortage of teachers, as determined by the state board of~~
25 ~~education, A PUBLIC SCHOOL IN THIS STATE THAT IS A LOW-INCOME SCHOOL, A~~
26 ~~RURAL SCHOOL OR A SCHOOL THAT IS LOCATED ON AN INDIAN RESERVATION within~~
27 ~~one calendar year after attaining a bachelor's degree~~ COMPLETING A
28 TEACHING DEGREE OR AN ALTERNATIVE TEACHER CERTIFICATION PROGRAM at a
29 qualifying postsecondary institution. The service commitment shall be
30 full-time as determined by the commission and requires one year of service
31 for each year of loan support plus one additional year of service.

32 2. If the loan recipient engages in postgraduate studies without a
33 lapse of more than one calendar year following the completion of the loan
34 recipient's ~~bachelor's~~ TEACHING degree OR ALTERNATIVE TEACHER
35 CERTIFICATION PROGRAM at a qualifying postsecondary institution, the loan
36 recipient shall begin the service commitment required under paragraph 1 OF
37 THIS SUBSECTION within one calendar year after completing postgraduate
38 studies.

39 3. If the loan recipient is inducted into military service, or for
40 any other cause beyond the loan recipient's control deemed sufficient by
41 the commission is unable to begin the service commitment required under
42 paragraph 1 OF THIS SUBSECTION within one calendar year after completing a
43 ~~bachelor's~~ TEACHING degree and, AN ALTERNATIVE TEACHER CERTIFICATION
44 PROGRAM OR any graduate studies, the loan recipient shall begin the
45 service commitment required under paragraph 1 OF THIS SUBSECTION within

1 one calendar year after completing the required military service or the
2 termination of any other cause.

3 4. If the loan recipient fulfills the service commitment required
4 under paragraph 1 OF THIS SUBSECTION in a public school in this state or
5 while completing military service resulting from induction, the loan
6 recipient's indebtedness to this state may be discharged in one of the
7 following ways:

8 (a) One year of full-time service required under paragraph 1 OF
9 THIS SUBSECTION for each year of loan support plus one additional year of
10 service.

11 (b) Repayment to this state of the total loan amount for each year
12 of support with interest at the rate prescribed in subsection C OF THIS
13 SECTION.

14 5. If the loan recipient fails to complete the required ~~course of~~
15 ~~study~~ TEACHING DEGREE OR ALTERNATIVE TEACHER CERTIFICATION PROGRAM, if the
16 ~~course of study~~ TEACHING DEGREE OR ALTERNATIVE TEACHER CERTIFICATION
17 PROGRAM is interrupted by one academic year or more for a cause or causes
18 not resulting from induction into military service or any other cause
19 beyond the loan recipient's control deemed sufficient by the commission or
20 if the loan recipient fails to fully discharge the service commitment
21 required under paragraph 1 OF THIS SUBSECTION, except for delays resulting
22 from an excusable cause as prescribed in this section, the amount of the
23 loan not repaid or fully discharged shall be due and payable with interest
24 at the rate prescribed in subsection C OF THIS SECTION. The commission
25 may extend the time of payment over a period not exceeding fifteen years
26 and shall not require payment of interest during the existence of any
27 excusable cause as prescribed in this section.

28 6. If the loan recipient does not begin the service commitment
29 required under paragraph 1 OF THIS SUBSECTION within the time prescribed
30 in this section but paid an agreed part of the loan, the commission may
31 allow the loan recipient to discharge the balance of the obligation by
32 subsequent teaching in this state.

33 7. If the loan recipient dies during the period of the loan
34 recipient's education or practice as a teacher, the loan recipient's
35 obligation to this state under this article ceases.

36 8. The loan recipient may choose at any time to provide a different
37 category of service commitment prescribed in paragraph 1 OF THIS
38 SUBSECTION without violating the contract, unless the contract requires
39 the loan recipient to provide instruction in the area of mathematics or
40 science.

41 9. If the loan recipient begins the service commitment required
42 under paragraph 1 OF THIS SUBSECTION in a ~~geographic area in this state~~
43 ~~that is experiencing a shortage of teachers, as determined by the state~~
44 ~~board of education, but the state board of education~~ LOW-INCOME SCHOOL OR
45 A RURAL SCHOOL IN THIS STATE AND THE COMMISSION subsequently determines

1 that ~~geographic area is no longer experiencing a shortage of teachers~~ THE
2 SCHOOL NO LONGER QUALIFIES AS LOW-INCOME OR RURAL, the loan recipient may
3 discharge the balance of the obligation by completing the service
4 commitment in the ~~geographic area~~ PUBLIC SCHOOL where the loan recipient
5 began the service commitment.

6 C. The loan recipient shall repay the full amount borrowed at an
7 interest rate of at least seven ~~per cent~~ PERCENT.

8 D. On receipt of supporting documentation, the commission for good
9 cause shown may defer the loan recipient's service commitment or repayment
10 obligation or may enter into repayment arrangements with the loan
11 recipient or allow service that is equivalent to full-time service if the
12 commission determines that this action is justified after a review of the
13 individual's circumstances. At the discretion of the commission, the
14 commission may allow service by teaching in another area of recognized
15 need in this state that is not specified in the qualified student's
16 contract, but only following prior written approval by the commission.

17 E. The attorney general may commence whatever actions are necessary
18 to enforce the contract and achieve repayment of loans provided by the
19 commission pursuant to this article.

20 Sec. 5. Section 15-1784, Arizona Revised Statutes, is amended to
21 read:

22 15-1784. Arizona teacher student loan fund

23 A. The ~~mathematics, science and special education~~ ARIZONA teacher
24 student loan fund is established. All monies appropriated to carry out
25 the purposes of sections 15-1782 and 15-1783 shall be deposited in the
26 fund, and all payments of principal and interest that are received by the
27 commission shall be deposited, pursuant to sections 35-146 and 35-147, in
28 the fund.

29 B. Monies in the fund are continuously appropriated for use by the
30 commission. The commission may retain up to ten ~~per cent~~ PERCENT of the
31 amount deposited each fiscal year in the fund for the purposes of
32 administering the loan program established by this article and may use the
33 interest deposited in the fund to cover the administrative costs of the
34 loan repayment responsibilities established by this article.

35 C. On notice from the commission, the state treasurer shall invest
36 and divest monies in the fund as provided by section 35-313, and monies
37 earned from investment shall be credited to the fund.

38 Sec. 6. Section 15-1785, Arizona Revised Statutes, is amended to
39 read:

40 15-1785. Program termination

41 The program established by this article ends on July 1, ~~2017~~ 2025
42 pursuant to section 41-3102.

1 Sec. 7. Section 15-1851, Arizona Revised Statutes, is amended to
2 read:

3 15-1851. Commission for postsecondary education; purpose;
4 report; members; terms; powers and duties;
5 compensation; quorum; immunity; definition

6 A. The commission for postsecondary education is established and
7 shall administer the applicable programs identified under section 1203 of
8 the higher education act amendments of 1998 (P.L. 105-244), including the
9 leveraging educational assistance partnership program, the federal family
10 education loan program and the Paul Douglas teacher scholarships program,
11 and shall supervise the state guarantee agency under the higher education
12 act amendments of 1998.

13 B. In addition to the responsibilities prescribed in subsection A
14 of this section, the commission shall:

15 1. Provide a forum to public and private postsecondary education
16 institutions for discussion of issues of mutual interest, including the
17 following:

18 (a) The postsecondary needs of unserved and underserved individuals
19 in this state.

20 (b) The resources of public and private institutions, organizations
21 and agencies that are located in this state and that are capable of
22 providing postsecondary education opportunities.

23 (c) Enrollment demand and public policy options to meet statewide
24 needs for postsecondary education services.

25 (d) Cooperative comprehensive instructional and capital planning.

26 2. Provide reports pursuant to this subsection on discussions of
27 issues of mutual interest.

28 3. Coordinate and promote collaborative studies on issues of mutual
29 interest to public and private postsecondary education institutions.

30 4. Compile and disseminate information to the public regarding
31 postsecondary education opportunities in this state.

32 5. Prepare an annual report that summarizes the results of the
33 commission's activities prescribed in this section and section
34 15-1852. The annual report shall be submitted to the speaker of the house
35 of representatives, the president of the senate, the governor and the
36 Arizona state library, archives and public records by December 28.

37 6. Administer the ~~mathematics, science and special education~~
38 ARIZONA teacher student loan program established by chapter 13, article 11
39 of this title.

40 C. The commission consists of the executive director of the Arizona
41 board of regents, the executive director of the state board for private
42 postsecondary education and the following additional members who ~~shall be~~
43 ARE appointed by the governor pursuant to section 38-211:

44 1. Two members who hold senior executive or managerial positions in
45 a university under the jurisdiction of the Arizona board of regents.

1 2. Two members who hold senior executive or managerial positions in
2 a community college district, one representing a community college
3 district in a county with a population of five hundred thousand persons or
4 more and one representing a community college district in a county with a
5 population of less than five hundred thousand persons.

6 3. Two members who hold senior executive or managerial positions in
7 private postsecondary institutions of higher education that are licensed
8 under title 32, chapter 30, that are located in this state, that offer
9 ~~bachelor~~ BACHELOR'S or higher degrees and that are accredited by a
10 regional accreditation agency approved by the United States department of
11 education.

12 4. Two members who hold senior executive or managerial positions in
13 private postsecondary institutions of higher education that are licensed
14 under title 32, chapter 30, that are located in this state, that offer
15 vocational education programs and that are accredited by a national
16 accreditation agency approved by the United States department of
17 education.

18 5. One member who holds a senior executive or managerial position
19 in a private cosmetology school that is licensed under title 32, chapter
20 5, that is located in this state, that offers cosmetology programs
21 approved by the board of cosmetology and that is accredited by a national
22 accreditation agency approved by the United States department of
23 education.

24 6. One member who holds a senior executive or managerial position
25 in an institution that is licensed under title 32, chapter 23 or under 14
26 Code of Federal Regulations part 147, that offers vocational education
27 programs at the postsecondary level, that is located in this state and
28 that is not an institution that is qualified under any other category.

29 7. One member who has held a senior executive or managerial level
30 position in commerce or industry in this state for at least three years
31 before the member's appointment and who is not qualified to serve under
32 any other category.

33 8. Two members who hold senior executive or managerial positions in
34 the high school education system in this state.

35 9. One member who is an owner, operator or administrator of a
36 charter school in this state.

37 D. Members of the commission appointed pursuant to subsection C,
38 paragraphs 1 through 9 of this section shall serve ~~four year~~ FOUR-YEAR
39 terms. Appointed members of the commission shall be residents of this
40 state. Appointed members of the commission at all times during their
41 terms shall continue to be eligible for appointment under the category
42 that they were appointed to represent. Terms of appointed members of the
43 commission begin on the third Monday in January. No appointed member of
44 the commission may serve more than two consecutive terms.

1 E. The executive director of the Arizona board of regents and the
2 executive director of the state board for private postsecondary education
3 serve as members of the commission during their respective terms of office
4 and are not eligible to vote with respect to the commission's review of
5 any postsecondary institution.

6 F. Members appointed pursuant to subsection C, paragraphs 1 through
7 9 of this section are eligible to receive compensation pursuant to section
8 38-611 for each day spent in the performance of commission duties and may
9 be reimbursed for expenses properly incurred in connection with the
10 attendance at meetings or hearings of the commission.

11 G. The governor shall appoint a chairman from among the members of
12 the commission who shall serve a ~~one-year~~ ONE-YEAR term that begins on the
13 third Monday in January.

14 H. A majority of the members of the commission constitute a quorum
15 for the transaction of commission business. The vote of a majority of the
16 quorum constitutes authority for the commission to act.

17 I. Members of the commission are immune from personal liability
18 with respect to all actions that are taken in good faith and within the
19 scope of the commission's authority.

20 J. For the purposes of this section, "community college district"
21 means a community college district that is established pursuant to
22 sections 15-1402 and 15-1403 or section 15-1402.01 and that is a political
23 subdivision of this state.

24 Sec. 8. Emergency

25 This act is an emergency measure that is necessary to preserve the
26 public peace, health or safety and is operative immediately as provided by
27 law.

APPROVED BY THE GOVERNOR MAY 2, 2017.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 2, 2017.



Passed the House April 25, 2017,

Passed the Senate January 26, 2017,

by the following vote: 55 Ayes,

by the following vote: 30 Ayes,

0 Nays, 4 Not Voting

0 Nays, 0 Not Voting

with emergency
1 vacant
MR. [Signature]

with Emergency
[Signature]

Speaker of the House

President of the Senate

Pro Tempore

[Signature]

Chief Clerk of the House

[Signature]

Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

26th day of April, 2017,

at 10:30 o'clock A M.

[Signature]
Secretary to the Governor

Approved this 2 day of

May, 2017,

at 8:53 o'clock A M.

[Signature]
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 2 day of May, 2017,

at 9:35 o'clock A M.

[Signature]
Secretary of State

S.B. 1040